

**AGENDA**

FRANKLIN CITY COUNCIL

MONDAY, February 11, 2013 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVENUE

**6:00 P.M.**

**WORK SESSION**

FSEDI & HOLLINGSWORTH PARTNERSHIP UPDATE WITH RE: PRETLOW INDUSTRIAL PARK

**7:00 P.M.**

**REGULAR MEETING**

CALL TO ORDER. . . . . MAYOR RAYSTINE D. JOHNSON-ASHBURN  
PLEASE TURN OFF CELL PHONES . . . . . MAYOR RAYSTINE D. JOHNSON-ASHBURN  
INVOCATION . . . . . WARD 2  
PLEDGE OF ALLEGIANCE  
AMENDMENTS TO AGENDA

**INTRODUCTION OF NEW EMPLOYEES**

- Franklin Police Department – Police Officer Position: Zachary VanWyhe
- Human Resources Department – Information Technology Technician Position: Stephen Newsome

**CITIZENS' TIME** – Mrs. Linda Filippi, Executive Director; Western Tidewater Community Services Board

1. **CONSENT AGENDA**  
A. City Council Minutes from the January 28, 2013 Regular Meeting
2. **FINANCIAL MATTERS**  
A. Resolution #2013-03 (Preservation of Municipal Tax Exempt Financing)
3. **OLD/NEW BUSINESS**  
A. City Manager's Report
4. **COUNCIL/STAFF REPORTS ON BOARDS AND COMMISSIONS**
5. **CLOSED SESSION** – I move that the Franklin City Council meet in closed session to consider appointments to boards and commissions, and to discuss a prospective business where no previous announcement has been made of the business' interest in locating its facilities in the community pursuant to Virginia Code Section 2.2-3711 (A) (1) and (5).

**Motion Upon Returning to Open Session:** I move that the only matters discussed during the session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

6. **ADJOURN**

**UPCOMING ITEMS TO BE SCHEDULED...**

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

**SUBJECT****TENTATIVE TIME LINE****Council Strategic Planning & Goal Setting Work Session****TBD****Parks and Recreation Community Partners Discussion****TBD****Report on Non-Profit Tax Exempt – Policy & Procedures****TBD**

## **CONSENT AGENDA**

### **A. City Council Minutes from the January 28, 2013 Regular Meeting**

The Franklin City Council held a meeting on Monday, January 28, 2013 at 7:00 p.m. in Council Chambers, 207 West Second Avenue.

**Council Members in Attendance:** Raystine Johnson-Ashburn, Mayor; Barry Cheatham, Vice-Mayor; Greg McLemore, Benny Burgess, Mary Hilliard, and Mona Murphy (Don Blythe, absent).

**Staff in Attendance:** R. Randy Martin, City Manager; H. Taylor Williams, IV, City Attorney; Russ Pace, Director of Public Works; Mark Bly, Director of Power & Light; Dinah Babb, Treasurer; Brenda Rickman, Commissioner of Revenue, Carolyn Joyner, Director of Human Resources; Frank Davis, Director of Parks & Recreation; Melissa Rollins, Director of Finance; Vince Holt, Chief of Emergency Services; Phil Hardison, Chief of Police; Donald Goodwin, Director of Community Development; and Alan Hogge, Director of Social Services.

**Other Staff in Attendance:** Chad Edwards, Deputy Director of Public Works; Mark Carr, Deputy Chief of Emergency Services; Dan Howe, Director of Downtown Franklin Association; Jennifer Maynard, Registrar and Dr. Michelle Belle, Franklin Public Schools Superintendent.

### **CALL TO ORDER**

**Mayor Johnson-Ashburn called the meeting to order at 7:07 p.m.**

### **INVOCATION**

The Invocation was offered by Vice-Mayor Cheatham.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited by those in attendance.

### **AMENDMENTS TO AGENDA**

Vice-Mayor Cheatham motioned that the Closed Session as listed on the agenda be amended to include a consultation with the City Attorney regarding a legal matter involving the burn building renovation grant recently awarded to the City requiring the provision of legal advice from the City Attorney pursuant Virginia Code Section 2.2 – 3711 (A) (7). The motion was seconded by Councilwoman Murphy and passed with a 6-0 vote (Councilman Blythe absent).

## **RESOLUTION RECOGNIZING THE “FRANKLIN HIGH SCHOOL VARSITY FOOTBALL TEAM”**

Mayor Johnson-Ashburn introduced the coaches and the Franklin High School Football Team.

Vice-Mayor Cheatham reviewed a summary of highlights about the Franklin High School Football Team’s achievements this past season.

Mayor Johnson-Ashburn announced that a Resolution would be presented to the team and a Certificate of Achievement would be given to each individual coach and member of the Franklin Football Team. She congratulated them on a job well-done. The Mayor then read aloud the name of each coach and player receiving the recognition certificates.

Vice-Mayor Cheatham read aloud and motioned the Resolution to be accepted. The motion was seconded by Councilwoman Murphy and passed with a 6-0 vote (Councilman Blythe absent).

Bronco Head Coach Darren Parker stated he wanted to thank God for allowing them to have a wonderful season this year and then he thanked the Mayor and City Council for inviting them to attend the meeting.

Mayor Johnson-Ashburn also thanked the parents present for attending the meeting.

## **INTRODUCTION OF NEW EMPLOYEES**

### **Fire & Rescue – Firefighter/EMT Positions**

Chief Holt introduced and welcomed his new department’s three new employees which were Jason Vann, Wendell Lowe and Edward Tuck.

### **Franklin Police Department – Police Officer Positions**

Chief Hardison introduced and welcomed one of his new employees which was Nathaniel Stanton.

Mayor Johnson-Ashburn extended a welcome to the new staff members on behalf of the entire Council.

## **CITIZEN’S TIME**

There were no sign-ups for Citizen’s Time.

## **CONSENT AGENDA**

### **City Council Minutes**

#### **December 10, 2012 Regular City Council Meeting**

Mayor Johnson-Ashburn asked if there were any corrections to the minutes for the City Council Meeting held on December 10, 2012.

There being no corrections the Mayor called for a motion of adoption.

A motion was made by Councilwoman Hilliard to adopt the minutes for the City Council Meeting held on December 10, 2012. The motion was seconded by Vice-Mayor Cheatham.

The motion was approved with the vote as follows:

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman McLemore, Abstain; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Councilwoman Murphy, AYE; (Councilman Blythe absent).

### **January 14, 2013 Regular Council Meeting**

Mayor Johnson-Ashburn called for corrections to the minutes for the City Council Meeting held on January 14, 2013.

There being no corrections the Mayor called for a motion of adoption.

A motion was made by Councilwoman Hilliard to adopt the minutes for the City Council Meeting held on January 14, 2013. The motion was seconded by Vice-Mayor Cheatham and passed with a 6-0 vote (Councilman Blythe absent).

### **Departmental Reports**

Mayor Johnson-Ashburn called for any comments or questions concerning Departmental Reports.

There were no questions or comments concerning the Departmental Reports.

### **FINANCIAL MATTERS**

#### **Financial Audit Presentation for FY 2011-12**

Mrs. Rollins introduced Dallas Stauffer, Senior Consultant of Davis Associates, the firm contracted to complete the City's FY 2011-2012 audit. Mr. Stauffer presented Financial Highlights of the audit:

- The assets of the City of Franklin exceeded its liabilities at the close of fiscal year 2012 by \$30,897,678 (net assets). Of this amount, \$6,225,111 represents unrestricted net assets which may be used to meet the City's ongoing obligations and \$1,062,775 represents restricted net assets for future debt service. The residual \$23,609,792 relates to capital assets, net of related debt, and is not available for expenditure.
- The City's total net assets decreased by \$1,742,282 from the prior year. Of this amount, business-type activities net assets decreased \$1,947,198 while governmental fund net assets increased \$204,916.
- The General Fund, on a current financial resources basis, reported revenues and other financing sources over expenditures and other financing uses of \$1,892,081. This is after making a \$4.19 million payment to Franklin City Schools, \$89,683 payment to the Airport Fund (Enterprise), \$436,734 to Special Revenue Funds, and \$915,024 to the Debt Service Fund. The City received \$784,000 more in revenue sharing payments from Isle of Wight County than in FY 2010-2011 (mainly due to a fiscal period accounting change) Other local tax revenue also increased

\$29,000, or 5.8%, from the previous fiscal year, also contributing to the General Fund Balance increase. Expenditures decreased \$1,537,925 when compared to fiscal year 2010-2011, partly due to lower expenditures in Community Development, Public Safety, Public Works, and Education.

- The City's total outstanding general obligation debt at June 30, 2012 was \$16,743,757. This includes \$3,883,518 in business-activity debt and \$12,860,239 in general government activities (\$6,147,972 is School related debt and \$6,712,266 is other general government debt).

Mayor Johnson-Ashburn asked Mrs. Rollins if the business – activity debt included the debt of all the enterprise funds.

Mrs. Rollins replied that the debt reflected all enterprise funds combined.

Manager Martin commented that he appreciated the efforts that Davis & Associates had put in the Financial Audit during their first year of providing this service to the City. He also commended the Department Heads for their efforts in preparing for the budget and particularly the Finance Department for their effort on the preparation of the Comprehensive Annual Financial Report (CAFR). The Manager also commented that the City has applied for Government Finance Officers' Association (GFOA) award recognition for the City's CAFR. The City has never received this prestigious recognition for its CAFR.

Councilman McLemore asked whether the judicial expenses include the Tidewater Regional Jail expenses.

Manager Martin stated the City budget only reflects the City's share of expenses for the Regional Jail.

Mrs. Rollins stated that the payment to the Regional Jail is recorded under Public Safety.

Councilman McLemore also asked does the City have a breakdown of revenue for the judicial expense.

Mrs. Rollins replied she would research and report back to Council.

Councilman McLemore requested this information be brought before Council at the next City Council Meeting. He also requested Mrs. Rollins provide a breakdown of how the proceeds are distributed between the City and the County.

Mayor Johnson-Ashburn requested that when this information is compiled Councilman McLemore meet with Manager Martin and Mrs. Rollins for a review and understanding; then bring before Council if necessary.

A motion was made by Vice-Mayor Cheatham to accept the Financial Audit for 2011-12. The motion was seconded by Councilwoman Hilliard.

In discussion Councilman McLemore questioned whether the audit report should be accepted before his questions are answered. Manager Martin advised that the audit report would not be altered as a result of the question or response because it is the auditor's independent analysis of their findings.

The motion was approved with the vote as follows:

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman McLemore, Nay; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Councilwoman Murphy, AYE; (Councilman Blythe absent).

### **December 2012 Financial Report**

Mrs. Rollins presented the December 2012 Financial Report to Council. As of December 30<sup>th</sup>, the City has realized \$2.44 million in current real estate tax or 47.6% of budget, a gain as expected (tax rate increase) over prior year collections of \$2.28 million (a \$163,000 or 7.0% increase). Personal property tax collections were \$1,112,483 or 84.6% of budget, slightly higher than prior year receipts of \$1,067,563 at 84.9% of budget. Other general property taxes comprised of penalty and interest on delinquent taxes and Public Service Corporation and machinery & tools taxes reflect a \$35,000 increase over the previous year; public service corporation taxes increased 9.5% over prior year.

Other Local taxes collected through December 31 (cash basis), were \$1.809 million, or 33.7% of budget. This is an increase of \$235,000 or 15.0% from last year, resulting primarily from increases in sales and use taxes, cigarette taxes, meals and lodging taxes, offset by a decrease in consumer utility taxes.

#### Water & Sewer Fund

Revenue from the sale of water and sewer service charges of \$1.49 million at December 31 was in line with budgeted projections (49% of budget), and for the month of December, comparable to prior year revenue.

#### Airport Fund

Fuel sales at December 31 were \$65,097 increasing \$16,440 over the prior month sales of \$48,657. Revenue from jet fuel sales are 34% of budget compared to 38% for aviation fuel sales.

#### Electric Fund

Tracking close to budget at 48%, revenue in the Electric Fund totaled \$7.08 million at December 31. Compared to the same period in FY 2011-2012, this is a 12% increase (\$680,000) in the sale of energy which is mostly offset by a decrease (\$553,000 or 46%) in the fuel adjustment charges. As a result, the expenditures associated with the sale of energy/fuel adjustment decreased \$462,000, or 45%.

#### Cash Balance

Cash in the Electric Fund at December 31 was \$287,000, a decrease in cash of nearly \$72,000, or 20% from November 30.

Mrs. Rollins asked if there were any comments or questions.

Councilman Burgess asked what the negative figure represented in the Water/Sewer Fund.

Mrs. Rollins replied this was a refund as previously reported.

Councilman Burgess asked about reconciliation of the net income for the month of December in the Electric Fund.



Mrs. Rollins replied that this report is showing all payments received in and all expenses out and she would reconcile and give Council a detailed analysis.

Manager Martin stated the cooling and heating assistance payments approved but pending receipt from the Department of Social Service could have an impact on the decrease in cash flow.

Vice-Mayor Cheatham asked if the City's receivables have increased.

Mrs. Rollins answered this is a month to month comparison of all the bills that have gone out versus how much revenue has been collected and some of this revenue could be from current as well as old accounts.

Manager Martin added this could be improved by the City updating the billing and collection software as planned and funded recently.

Councilman Burgess expressed concern that the City is showing a profit of \$1.1 million but there is a drop in cash from month-to-month in this report.

Mayor Johnson-Ashburn inquired about the availability of this information by the first week in February.

Mrs. Rollins replied this information is usually not available until near the end of February but she will try to get the information before then.

Councilman Burgess asked whether Mrs. Rollins does an accounting on a monthly basis.

Mrs. Rollins confirmed that she does.

### **Budget Amendments 2013**

Mrs. Rollins presented the following amendments:

#### Budget Amendment #2013-15 (FUND 250)

This Budget Amendment #2013 -15 (Fund 250) is a request from the Franklin Public School System (January 17, 2013) to amend the FY 2012-2013 Budget to reflect additional local, state and federal grant awards in the amount of \$27,938.

#### Budget Amendment #2013-16 (FUND 209)

This Budget Amendment is a grant from the Virginia Department of Fire Programs in the amount of \$199,532 to renovate the Department's Burn Building (Fire Training Facility). The grant requires appropriation to the FY 12-13 Operating Budget.

#### Budget Amendment #2013-17 (FUND 100)

This Budget Amendment is for the City Council approved hiring of three fire fighter medics as discussed during and subsequent to the budget process effective January 1, 2013. A budget amendment to the Fire & Rescue Budget in the amount of \$103,460 is required to cover salary and personnel costs associated with the three positions for the remainder of the fiscal year.

Mayor Johnson-Ashburn stated there was supporting documentation with each Budget Amendment and asked Council if there were any comments or questions.

Vice-Mayor Cheatham asked City Attorney Williams if the Budget Amendment #2013-16 (Fund 209) had any bearing on what would be discussed in Closed Session.

City Attorney Williams answered that the amendment had no impact on the Closed Session discussion.

Councilman McLemore asked if there are any checks and balances to ensure that the funds that are allocated for specific grant programs are properly used.

Mrs. Rollins answered there are specific guidelines that have to be followed for each of the City's grants. She also added the City has a grant policy that ensures these expenditures are properly allocated. She further stated her department receives and reviews all invoices and other documentation for payment and compliance.

Manager Martin added that the audit includes a single audit review component which includes larger grant amounts and checks the State and Federal Grants to make sure they are properly accounted and compliant.

Mayor Johnson-Ashburn stated most agencies that supply these Grants require supporting documentation to be filed periodically.

Councilman Burgess stated he understood that many agencies require the City to expend its funds then file for reimbursement from the grant agency.

Mrs. Rollins advised Councilman Burgess is correct in that some agencies disperse the grants before the expense and some are the reimbursement type.

Manager Martin stated that the Fire Training Facility Grant was the type that is dispersed upfront to the City not the reimbursement type.

A motion was made by Councilman McLemore to adopt Budget Amendment #2013-15 (FUND 250), Budget Amendment #2013-16 (FUND 209), Budget Amendment #2013-17 (FUND 100). The motion was seconded by Vice-Mayor Cheatham and passed with a 6-0 vote (Councilman Blythe absent).

## **OLD/NEW BUSINESS**

### **City Manager's Report**

Consideration of a Joint Application with Southampton County for Funding from the Agriculture and Forestry Industries Development (AFID) Fund

Manager Martin presented the above joint application with the following background information: representatives of Council and the Southampton County Board of Supervisors have been meeting to discuss opportunities for shared services in an effort to improve efficiency and in so doing reduce costs while maintaining quality in services delivered. The City and County in late 2012 took steps to formalize the effort by adopting a memorandum of understanding (MOU) regarding such efforts. Both elected bodies initiated the first formal activity resulting from this effort by authorizing an agreement for the City

to provide inspection services for the County. In a recent meeting of the Shared Services Committee, two additional recommendations were made to further the relationship.

Described below are these two recommendations:

Joint City-County AFID Grant Application: It is recommended that the City Council and Board of Supervisors authorize a joint grant application to the State's AFID Fund. This grant application is being recommended at the request of FSEDI which has partnered with Paul D. Camp Community College Workforce Development Center and the Southeast Virginia Logging Capacity Task Force to address the need to enhance the overall logging capacity in our region. This effort will support the several wood product related industries in and around our communities. The newly formed group has received financial assistance from several sources including the International Paper Foundation whose funds will be utilized to match the requested grant funds. This means the City and County would not have to provide any funds to match the grant. The Action requested is: **Authorize submittal of a grant application for the Governor's AFID funds as detailed in the amount of \$5,000.**

Mayor Johnson-Ashburn stated she is very pleased with the idea of sharing services and the progress thus far.

Vice-Mayor Cheatham stated that this is another opportunity for the City to start building new industry.

Councilman Burgess asked if this task force was specifically set up for logging.

Nancy Parrish, which is an employee of Franklin Southampton Economic Development, Inc. but manages the Small Business Department at the Incubator, confirmed that the Southeast Virginia Logging Capacity Task Force is primarily for the logging industry.

Mayor Johnson-Ashburn stated this program is to encourage loggers to come back to this area and hopefully result in bringing new industry into the area.

Councilman McLemore asked how this grant would be used to bring industry into the area.

Mayor Johnson-Ashburn replied the purpose of this taskforce is to find institutions in the area that are willing to fund them and to assist opening businesses in the area.

Manager Martin stated Paul D. Camp Community College Workforce Development Center will be assisting in developing business plans and technical assistance.

Mrs. Parrish added that the Workforce Center would also be assisting with training as well.

Councilman Burgess stated the City needs to capitalize on the agricultural side as well.

A motion was made by Vice-Mayor Cheatham to authorize an application for the Joint City-County AFID Grant Program. The motion was seconded by Councilwoman Murphy.

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman McLemore, Abstain; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Councilwoman Murphy, AYE; (Councilman Blythe absent).

Manager Martin introduced the Joint City-County VDHCD Regional Project Planning Grant Application: It is recommended that the City Council and Board of Supervisors authorize a joint grant application to the Virginia Department of Housing and Community Development (VDHCD) for a Regional Project Planning Grant to study the following: 1) public utility infrastructure inventory and asset analysis to consider what would be necessary to effectively interconnect wastewater systems including the capital and operational costs of any required improvements; 2) governance evaluation to identify future business relationship options and evaluate the strengths and weaknesses of identified options; 3) financial evaluation to determine the fiscal impact of interconnecting utility systems on current utility customers and the size and scope of any respective financial subsidies that may be required from sources other than customer user fees; and 4) Implementation plan identifying the sequence of events necessary to interconnect utility systems. These VDHCD planning grants are available for needs analysis and strategy development activities in preparation for submission of a future Community Improvement Grant proposal such as the activities that may result from the analysis outlined above. The process starts with a letter of interest from the partners in the regional collaboration. VDHCD then determines eligibility and local readiness and invites promising applicants to submit full proposals. The matching requirement for this grant is expected to be at least 20% of the awarded grant amount. This cost would be shared by the communities. The initial action requested to begin the application process is: **Authorize the submission of a joint letter of interest as outlined herein for up to \$40,000.**

Councilman Burgess commented that he was glad to see this taking place.

A motion was made by Vice-Mayor Cheatham to authorize submission of the Joint City-County VDHCD Regional Project Planning Grant Application. The motion was seconded by Councilwoman Hilliard and passed with a 6-0 vote. (Councilman Blythe absent).

### **Mayor's Announcements**

Mayor Johnson-Ashburn requested Manager Martin to poll members of Council on potential dates when staff is prepared to schedule the next Goal Work Sessions as part of the budget process.

Mayor Johnson-Ashburn stated that Dr. Conco of Western Tidewater Health Clinic thanked the Mayor and Council for allowing her to speak at the City Council Meeting and for all the support that is given to the Clinic.

### **COUNCIL/STAFF REPORTS ON BOARDS AND COMMISSIONS**

Vice-Mayor Cheatham attended a meeting with Hampton Roads Planning Commission and stated he would leave the information with Manager Martin for review.

Vice-Mayor Cheatham advised in the most recent meeting of the Western Tidewater Regional Jail Authority the upcoming budget process was the topic. The agency's budget request is still in preliminary stages. He advised that the City Manager is on the Finance Committee for the Jail Authority and will be involved in the budget review.

Vice-Mayor Cheatham attended a Regional meeting with Senior Services where Mr. B. J. Holland was honored. He recognized Frank Davis, Director of Parks & Recreation who also attended and who gave a brief report of the meeting.

Mr. Davis stated at the Senior Services meeting Mr. B. J. Holland was presented the Inspirational Award. Mr. Holland celebrated his 100<sup>th</sup> Birthday this past year; he visits the Martin Luther King, Jr. Center every day. Mr. Davis stated Mr. Holland is an inspiration to the other visitors at the center.

Mayor Johnson-Ashburn stated she had the honor of attending Mr. Holland's Birthday Celebration at the Martin Luther King, Jr. Center and he is truly an inspiration.

Mayor Johnson-Ashburn attended the annual Hampton Roads Economic Development meeting; she commended this committee for making an effort to attract businesses in the Hampton Roads area.

City Attorney Williams reported on the SPSA Board meeting stating the financial health of SPSA is good and under control.

### **CLOSED SESSION**

Vice-Mayor Cheatham moved that the Franklin City Council meet in closed session to consider appointments to boards and commissions pursuant to Virginia Code Section 2.2-3711 (A) (1) and to include a consultation with the City Attorney regarding a legal matter involving the fire training burn facility renovation grant recently awarded to the City requiring the provision of legal advice from the City Attorney pursuant to Virginia Code Section 2.2 – 3711 (A) (7). The motion was seconded by Councilwoman Murphy and passed with a 6-0 vote (Councilman Blythe absent).

**The City Council Meeting moved to closed session at 9:00 p.m.**

**Councilman McLemore left the meeting before the closed session was called to order.**

Vice-Mayor Cheatham moved that the only matters discussed during the session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Councilwoman Hilliard and passed with a 5-0 vote (Councilmen McLemore and Blythe absent).

### **1<sup>st</sup> Action (Burn Building Renovation Grant Project)**

A motion was made by Vice-Mayor Cheatham to authorize the City Manager to execute a contract with R. D. Lambert & Son, Inc., to make grant funded renovations to the City's fire training burn building facility for \$199,532.00 plus the cost of submission of the performance and payment bonds. The motion was seconded by Councilwoman Hilliard, and approved by a 5-0 vote (Councilmen McLemore and Blythe absent.)

### **2<sup>ND</sup> Action (Board of Zoning Appeals Appointments)**

A motion was made by Vice-Mayor Cheatham and seconded by Councilman Burgess and approved by a 5-0 vote (Councilmen McLemore and Blythe absent):

- 1) To recommend reappointment of Mr. William T. Hopkins, III – Ward 6 (Term) – January 1, 2013 – December 31, 2017  
and;
- 2) To recommend reappointment of Mr. Walter Hobbs – Ward 2 (Term) – January 1, 2013 – December 31, 2017 to the City Board of Zoning Appeals (BZA). By code, the Council recommendation is made to the Chief Judge of the Circuit Court of Southampton County who then

makes appointments to the BZA.

Before adjourning the meeting, Mayor Johnson-Ashburn advised Council briefly on the ongoing rehab efforts of Councilman Blythe wishing him a speedy recovery.

### **Adjournment**

A motion was made by Councilwoman Hilliard to adjourn meeting. The motion was seconded by Vice-Mayor Cheatham and approved by a 5-0 vote (Councilmen McLemore and Blythe absent).

**The meeting was adjourned at 9:35 p.m.**

## **FINANCIAL MATTERS**

### **A. Resolution #2013-03 (Preservation of Municipal Tax Exempt Financing)**



## DEPARTMENT OF FINANCE

February 6, 2013

TO: Mr. Randy Martin  
City Manager

FROM: Melissa D. Rollins  
Director of Finance

RE: **Preservation of Municipal Tax Exempt Financing**

Officials of the Virginia Municipal League (VML) are encouraging local governments to communicate the importance of maintaining the federal tax exemption for municipal bonds to their congressional delegation. "As Congress and the Obama Administration continues to look for spending cuts and new sources of revenue, the tax exempt status of municipal bonds remains in jeopardy. Keeping quiet will signal federal policymakers that removing or capping the exemption is OK".

VML conveyed that many members of Congress continue to view limiting the municipal bond tax exemption as a viable option for reducing the federal deficit, and are "misinformed or not aware" of the financial implications on local taxpayers and communities (*i.e. municipalities benefit from this tax exemption through substantial savings on the interest cost of borrowed money for capital needs; and the benefits of lower costs attributable to tax exempt financing is passed on to tax payers*).

Attached is a proposed resolution drafted by the VML Executive Committee for local governments to consider using when communicating their position with their congressional delegation.

**REQUIRED ACTION BY CITY COUNCIL:** Adopt Resolution #2013-03 as drafted and forward to Congressional delegation representing the City of Franklin.





**RESOLUTION #2013-03**

**PRESERVATION OF MUNICIPAL TAX-EXEMPT FINANCING**

**Whereas**, municipal bonds are the means by which state and local governments finance basic infrastructure for the public, including roads, schools, fire stations and utility systems; and

**Whereas**, state and local governments pay for more than 75 percent of the costs of financing the country's public infrastructure; and

**Whereas**, a basic principle of tax-exempt financing is the ability of local governments to raise capital free from federal tax on the bonds in order to build, rebuild, or maintain infrastructure, some of which is driven by federal mandates imposed on local governments; and

**Whereas**, municipal bonds have been in use for more than 100 years, and have helped our communities stimulate the economy both as a result of the jobs created during building and rebuilding projects as well as the increased economic activity in the community that follows once projects are completed; and

**Whereas**, the tax exemption on municipal bonds is part of a more than century-long system of reciprocal immunity under which owners of federal bonds are, in turn, not required to pay state income tax on the interest they receive from federal bonds; and

**Whereas**, the benefit of lower capital costs attributable to tax exempt municipal financing are passed on to local taxpayers through reduced rates, greater local investments, or both; and

**Whereas**, members of Congress and the White House have floated proposals to either cap or eliminate the federal tax exemption of interest on municipal bonds; and

**Whereas**, such capping or elimination of the tax-exempt status of municipal bonds would increase borrowing costs for state and local governments, reduce their ability to finance infrastructure projects, or delay the construction of such projects thereby compromising public safety, commerce, the environment and a community's general quality of life;

**Now, Therefore, Be It Resolved**, that the **City of Franklin, Virginia** opposes any efforts by this or any future Congress and this, or any future, President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

**DONE THIS 11<sup>th</sup>** day of February, 2013, in the CITY OF FRANKLIN, VIRGINIA

\_\_\_\_\_  
Raystine D. Johnson-Ashburn, Mayor

ATTEST: \_\_\_\_\_  
R. Randy Martin, Clerk

## **OLD/NEW BUSINESS**

### **A. City Manager's Report**

# **COUNCIL/STAFF REPORTS ON BOARDS AND COMMISSIONS**